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May 1, 2009

Mr. Paul E. Parker
Chief, Certificate of Need
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

BY HAND

Re: Rivermont Nursing & Rehabilitation Center; D.N. No. 08 -15-2228

Dear Mr. Parker:

As you know, I represent the applicant in the review of the above referenced Application for CON. This is to transmit Modifications to the previously filed Application for Certificate of Need in accordance with our prior agreement.

As you will note, the Modifications include a new site in Clarksburg, with revised design, budget, and operating projections. The proposed bed complement remains at 124 Comprehensive Care beds consisting of 80 temporarily de-licensed beds being acquired from Circle Manor and 44 beds being transferred from Springbrook as previously described in the Application. As a result of the new site, the Dialysis Unit in operation at Springbrook will be transferred to the new Fairland facility and will not be included in space leased at Rivermont as previously envisioned.

Except as noted or updated in the attached Modification Request, responses to the CON Review Criteria and Plan Standards / Rules remain the same as in the original Application.

Thank you for your consideration of this matter.

Very truly yours,



JAMES A. FORSYTH

Attorney for Rivermont Nursing & Rehabilitation Center

cc: Jim "Piet" Pietrzak, President, Smith/Packett Med-Com, LLC
Silvana Accame Dill, Director of Business Development / Market Strategy, Adventist Senior Living Services

MODIFICATIONS TO APPLICATION FOR CERTIFICATE OF NEED
Rivermont Nursing & Rehabilitation Center
(D.N. 08 – 15 – 2228)

Introduction

Pursuant to agreement with Commission Staff, this is a Modification to the pending Application for Certificate of Need to establish Rivermont Nursing & Rehabilitation Center, a proposed 124-bed comprehensive care facility located on an approximately 4 acre site in Clarksburg, Montgomery County, Maryland. The proposed site is located in ZIP Code 20871 on the south side of the Route 121-Clarksburg Road interchange with Interstate 270 access, and will be part of the health care campus which will also contain the proposed Clarksburg Community Hospital. The nursing facility will serve the rapidly-growing population of northern Montgomery County which is currently underserved. As discussed herein, there are no existing nursing homes in this northern area of Montgomery County, including ZIP Codes 20872, 20882, 20871, 20876 and 20833.

The applicant, Maryland Montgomery Health Investors, LLC (“MMHI”) remains the same, and there is no current change in the membership which consists of Smith/Packett Med - Com, LLC and Adventist Senior Living Services, Inc. (“Adventist”). However, there has been discussion of the potential admission of a new member to the limited liability company in the future.¹ Likewise, there is no change in the facility’s proposed services, although the 11-station Dialysis Center currently in operation at Springbrook Nursing & Rehabilitation Center (“Springbrook”) will not be relocated to leased space at Rivermont, but will instead be relocated to Fairland closer to Springbrook's area. Adventist will continue as Rivermont’s management, as previously stated in the Application.

The project remains the same as previously described in the Application / Completeness Review – a replacement for two facilities, the now-closed Circle Manor and Springbrook, as follows.

¹ For example, Frederick Memorial Hospital has previously partnered with Adventist in the Glade Valley Nursing & Rehabilitation Center facility in Walkersville, Frederick County, Maryland.

80 of the beds are being purchased from the Circle Manor under the previously supplied Purchase Agreement. The remaining 44 beds are being acquired from Springbrook (“Springbrook”).²

The CON Application responses to the State Health Plan Rules / Standards and the COMAR Review Criteria remain the same, except as noted or updated in the following discussion and as set forth in applicable change pages attached as Appendices.

1. Part I, Revised CON Formset: The Modification includes certain changes to Part 1 of the MHCC CON Form Set. Accordingly, change pages are included as APX A.
2. Part I, Item 15 (Drawings): Revised Drawings showing the footprint on the site, and schematic floor plans for the proposed new facility are included at APX B.
3. Revised Chart 1 - Project Construction Characteristics and Costs: See APX C.
4. Part II, Revised Project Budget: A Revised Project Budget is included as APX D.
5. Part III, Revised Tables and Operating Projections: The required Tables and Projections have been revised to reflect the new design configuration and operating assumptions, as set forth in APX E.
6. Consistency with State Health Plan Standards: All Responses remain the same except for the following updated responses:

(a) COMAR 10.24.08.05A(6) Public Water: The Rivermont facility at Clarksburg will be served by public utilities including public water and sewer, as further explained in response to Item 16.C. at APX A.

² As noted in the Application and documented in the Completeness Review Responses, Springbrook is a co-applicant for the purpose of complying with any required MHCC approval to transfer these 44 beds to Rivermont.

(b) COMAR 10.24.08.05A(7) Facility and Unit Design: Like the Fairland design, Rivermont Nursing and Rehabilitation Center is designed to enhance better resident care and convenient treatment in a less institutional environment.

The entry experience is designed to be unique and inviting. The front entrance door opens to a lobby reception area connecting to a dining café. Lobby seating and small intimate seating are provided for visitors and residents adjacent to the café and lobby. The ‘back of the house’ staff functions are separated from the resident public areas. Service and staff entrances are separated from the public view.

The ground floor also contains a chapel which will play an important role in addressing the spiritual needs of residents, their families, facility visitors, and Rivermont Staff. The chapel also connects to the café with a movable wall for large gatherings.

The 124-bed facility is divided into 3 distinct nursing units – a 42-bed Rehabilitation Unit on the 2nd Floor, a 41-bed Long Term Care Unit on the 3rd Floor, and another 41-bed Long Term Care Unit on the 4th Floor. The multi-story configuration allows separate identities for each nursing unit on each floor. (See APX B)

The Rehabilitation floor has been designed to be more “hotel” like due to the amenities desired by these residents. The Long Term Care floors will be more “home-like” in appearance to meet the needs of these residents.

The nursing unit design incorporates the “resident focused care” concept. Resident focused care provides needed services in close proximity to the residents. The physical therapy treatment area is located on the first floor providing easy access for residents and out-patient rehabilitation services. Activity services are located on each floor, but a separate designated activity room is provided on the Long Term Care floors where those services are needed to enhance the residents living experience.

Each nursing unit is configured into 41 or 42 beds with 20-21 bed neighborhoods depending on the floor. The design will allow for increased privacy and dignity for residents. Bathrooms are located in each Resident room. Resident bathrooms will accommodate two persons in each of the Semi-Private (double occupancy) rooms and one person in each of the private (single occupancy) rooms. Each neighborhood provides a centrally located day room, nurse station and support areas. The day room provides a sense of place for the residents of each neighborhood. The nurse station alcove provides easy access and enhances the delivery of nursing services. Hallway recesses are provided to allow resident seating areas to encourage walking and interaction among residents. Some of the alcoves also allow space for equipment and service needs.

As shown on the schematic drawings at APX B, each neighborhood connects to a central support core on each floor. The core area includes dining, central nurse station, staff support and other resident services. Each of the neighborhoods shares these services on their floor. Three elevators connect the individual core areas on each floor vertically. One elevator is for service to provide for the delivery of food, supplies, laundry and removal of trash. The service elevator is separated from the public and resident areas. Two additional elevators are provided for residents, visitors and staff. These elevators are located to allow residents to access services on the other floors with minimal impact to the nursing units on those floors.

The building is configured to enhance the dining experience for the residents. A cost effective centralized kitchen on the first floor prepares food in bulk and it is delivered via the service elevator to individual pantries on each of the nursing floors. The food is placed in the pantries and served home-style to residents in each dining room. This point of service food delivery allows greater quality, more variety and greater resident satisfaction. As noted above, a café is provided on the first floor for visitors, residents and staff.

Because of various medical conditions of the residents, Rivermont may need to place some residents in isolation. The proposed project, designed with a complement

of private and semi-private rooms with toe-to-toe design, will allow this process to be managed with little disruption to other residents in the facility.

Colors, patterns, textures and lighting will be designed to create a soothing and non-institutional atmosphere. In addition, the walls will display art and displays of interest designed to engage the attention and interest of residents with Alzheimer's Disease and related dementia. Resident room doors and adjacent areas will feature personalized features such as 'shadow boxes' to assist in orientation and cueing. The design and decor will also meet resident needs for a less institutional setting, as described above.

(c) COMAR 10.24.08.05B(1) Bed Need: This standard was addressed in the original Application. This project updates that response. Part 1 (a) of this rule does not preclude approving the application since it is not proposing new beds and is not asking the Commission to expand area capacity. Rather, the application proposes the relocation of 80 existing beds which have been temporarily de-licensed at Circle Manor and the construction of a new facility by the applicant Rivermont which also utilizes 44 existing beds currently licensed at Springbrook. Thus these beds are already counted in the existing Montgomery County bed inventory.

The project remains essentially the same with modifications as proposed herein. The proposed project is to relocate existing inventory and not develop a new nursing facility with new beds or expand the bed capacity for an existing facility.

The area population has an important interest in the ability to access modern facilities which offer a range of needed services such as those offered by Rivermont including long term care, short term care, rehabilitation and respite care on a space available basis. This enhances resident dignity and quality of life for area seniors and their families. Accordingly, Rivermont will modernize the existing long term care infrastructure in Montgomery County.

The Expected Service Area (“ESA”) of the proposed facility is zip codes immediately contiguous to the proposed facility location. These zip codes are: 20871-Clarksburg (Rivermont’s location), 20872-Damascus, 20882-Laytonsville, 20876-Germantown, 20874-Germantown, 20841-Boyd’s, 20842-Boyd’s, 20838-Barnesville. As shown by **Table 1**, the population of the ESA will experience tremendous growth. This area is projected to grow at a much faster rate as compared to the State. Augmenting the Census data, the Master Plan for Clarksburg is projecting by 2025, that Clarksburg’s population will exceed 43,000 and 20,000 more jobs will be generated³. These data clearly show that Rivermont is positioned to serve the needs of a fast-growing, yet currently underserved population.

TABLE 1 – POPULATION

| Expected Service Area Population | | | | | | | | | | | Maryland Population | | |
|----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-----------------------|------------------------|---------------------|-----------------------|------------------------|
| 20871 | 20872 | 20882 | 20876 | 20874 | 20841 | 20842 | 20838 | TOTAL | Annual Percent Change | Total Change 2000-2013 | Population | Annual Percent Change | Total Change 2000-2013 |
| 2000 Pop | | | | | | | | | | | | | |
| 65-69 | 154 | 249 | 298 | 312 | 590 | 85 | 65 | 8 | 1,761 | | 186,778 | | |
| 70-74 | 92 | 201 | 201 | 197 | 373 | 51 | 58 | 8 | 1,181 | | 170,458 | | |
| 75-79 | 70 | 165 | 167 | 138 | 320 | 41 | 41 | 6 | 948 | | 143,449 | | |
| 80-84 | 33 | 81 | 92 | 66 | 133 | 23 | 30 | 5 | 463 | | 92,663 | | |
| 85+ | 27 | 68 | 74 | 56 | 101 | 17 | 23 | 2 | 368 | | 75,883 | | |
| 65+ | 376 | 764 | 832 | 769 | 1,517 | 217 | 217 | 29 | 4,721 | | 669,231 | | |
| 2008 Pop | | | | | | | | | | | | | |
| 65-69 | 311 | 356 | 537 | 513 | 1,163 | 182 | 85 | 9 | 3,156 | 9.90% | 225,954 | 2.62% | |
| 70-74 | 209 | 223 | 344 | 312 | 637 | 130 | 63 | 6 | 1,924 | 7.86% | 174,781 | 0.32% | |
| 75-79 | 143 | 154 | 192 | 185 | 360 | 82 | 52 | 5 | 1,173 | 2.97% | 142,146 | -0.11% | |
| 80-84 | 80 | 108 | 120 | 104 | 221 | 48 | 38 | 5 | 724 | 7.05% | 107,209 | 1.96% | |
| 85+ | 61 | 87 | 114 | 72 | 157 | 34 | 31 | 3 | 559 | 6.49% | 100,799 | 4.10% | |
| 65+ | 804 | 928 | 1,307 | 1,186 | 2,538 | 476 | 269 | 28 | 7,536 | 7.45% | 750,889 | 1.53% | |
| 2013 Pop | | | | | | | | | | | | | |
| 65-69 | 477 | 535 | 777 | 744 | 1,945 | 272 | 116 | 15 | 4,881 | 10.93% | 291,726 | 5.82% | 56.2% |
| 70-74 | 293 | 294 | 479 | 443 | 1,018 | 183 | 79 | 8 | 2,797 | 9.07% | 205,905 | 3.56% | 20.8% |
| 75-79 | 198 | 174 | 269 | 244 | 503 | 122 | 55 | 7 | 1,572 | 6.80% | 151,407 | 1.30% | 5.5% |
| 80-84 | 117 | 101 | 138 | 131 | 256 | 69 | 44 | 5 | 861 | 3.78% | 110,392 | 0.59% | 19.1% |
| 85+ | 89 | 95 | 133 | 100 | 210 | 49 | 38 | 4 | 718 | 5.69% | 116,540 | 3.12% | 53.6% |
| 65+ | 1,174 | 1,199 | 1,796 | 1,662 | 3,932 | 695 | 332 | 39 | 10,829 | 8.74% | 875,970 | 3.33% | 30.9% |

³ http://www.montgomeryplanning.org/community/plan_areas/rural_area/master_plans/clarksburg/toc_clark.shtm (6)

Further, approval of the proposed Rivermont project will address the current maldistribution of beds in Montgomery County. In this regard, there are no existing facilities within the Rivermont's proposed location in Clarksburg's ZIP code 20871 or its contiguous ZIP codes. Thus, the establishment of Rivermont will result in a redistribution of existing beds from an area of high concentration of existing beds and facilities (see Figure 2, p. 46 of the original CON Application) to an area currently without beds or facilities and a rapidly growing population.

A review of occupancy rates for Montgomery County and Maryland show a level of consistency. Montgomery County had a rounded occupancy rate of 90% in FY 2006 and a rounded occupancy rate of 89% in FY 2007, despite the outliers which artificially depressed occupancies, as discussed below.

Table 2
Licensed Beds Occupancy

| | FY 2004 | FY 2005 | FY2006 | FY2007 |
|-------------------|----------------|----------------|---------------|---------------|
| Montgomery County | 87.8 | 88.7 | 89.8 | 88.7 |
| Maryland | 88.5 | 88.2 | 89.5 | 89.1 |

Source: Maryland Health Care Commission, Long Term Care Survey

As discussed at pp. 47 – 48 of the Application, average occupancies are depressed by existing facilities with multi-bed rooms. For example, Forest Glen Nursing & Rehabilitation Center has 18 Triple and 12 Quad Bed Rooms in its 112 bed facility. Indeed the Commission has found that within a 10 mile radius of the existing Fairland facility, 15 out of 35 nursing facilities, or about 43%, have at least some rooms with three (3) or more beds per room, and 24 out of these 35 facilities, or approximately 69%, were built more than 15 years ago. (See *In the Matter of Fairland Nursing & Rehabilitation Center*, D.N. 06 – 15 – 2178, Decision, p. 24).

Likewise, as discussed below in response to the Jurisdictional Occupancy standard, occupancy has been depressed by the experience of a number of existing facilities which show occupancies substantially below the county average.

Accordingly, approval of the proposed Rivermont project will result in the

modernization of outdated infrastructure, while correcting a maldistribution of beds and facilities and bringing needed services to a fast growing area of Montgomery County that is currently without a nursing facility. The project is therefore consistent with this standard.

(d) COMAR 10.24.08.05B(3) Jurisdictional Occupancy: The Applicant believes this standard applies to proposals to establish new facilities using new beds available under the State Health Plan. Otherwise, if interpreted or applied otherwise, the standard would serve as a barrier to any replacement project and frustrate the intent of the State Health Plan to deploy infrastructure that includes appropriate living environments that meet the needs of the elderly while enhancing dignity and the quality of life. Further, such an interpretation would effectively allow facilities with obsolete infrastructure, including triple and quad resident rooms to effectively veto new replacement projects.

As noted in the Application and this Modification, Rivermont will utilize 80 existing, temporarily de-licensed beds from the now closed Circle Manor, and 44 beds from Springbrook which is slated for closure. Thus, no new beds are involved. Further, as discussed previously, there are no existing facilities in Rivermont's location and adjacent service areas.

Rivermont has also demonstrated that population growth in its ESA demonstrates a need for the facility, apart from the positive impact on the system of converting outdated infrastructure.

Further, despite the presence of outdated facilities with multiple bed rooms or potential restrictive admissions policies, as discussed above, and CCRC's, the Jurisdictional Occupancy remains high at 89.79% rounding to 90% in FY 2006 and 88.73 rounding to 89% in FY 2007, according to the Commission's Long Term Care Survey data. As discussed at pp. 47 – 48 of the Application, average occupancies are depressed by existing facilities with multi-bed rooms. For example, Forest Glen Nursing & Rehabilitation Center has 18 Triple and 12 Quad Bed Rooms in its 112 bed facility. Indeed the Commission has found that within a 10 mile radius of the existing Fairland facility, 15 out of 35 nursing facilities, or

about 43%, have at least some rooms with three (3) or more beds per room, and 24 out of these 35 facilities, or approximately 69%, were built more than 15 years ago. (See In the Matter of Fairland Nursing & Rehabilitation Center, D.N. 06 – 15 – 2178, Decision, p. 24).

Likewise, a number of existing facilities show FYE occupancies substantially below the latest reported county average, thus raising questions about their physical plants or admissions policies. For example, Montgomery Village reported only a 72% occupancy rate; Forest Glen reported only a 71% occupancy rate; Manor Care – Bethesda reported only an 82 % occupancy rate; and Manor Care – Chevy Chase reported only an 86% occupancy rate. Such outliers should not hold effective vetoes over a replacement facility designed to address outdated facilities by artificially depressing the jurisdictional occupancy rate.

With relatively high occupancies, despite outdated facilities and outliers, and strong growth projections, it will become increasingly difficult for Montgomery County residents to find placements within the county, particularly in a modern facility enhancing dignity and quality of life.

For all of these reasons, the Commission should find that this standard does not apply to Rivermont's new replacement project or that the standard has been substantially met.

7. Consistency with CON Review Criteria (COMAR 10.24.01.08G(3)): All Responses remain the same per Application except for the following updated responses:

(a) COMAR 10.24.01.08G(3)(b) Need: As described throughout the Application, and this Modification, the beds that will be used for Rivermont are not new beds, but are existing beds being relocated from Circle Manor and Springbrook. Accordingly, there is no impact on the bed inventory in the State Health Plan.

Circle Manor was an obsolete facility which was not available for use as a renovated facility, and could not accommodate a larger facility. Springbrook, as with many

other providers, is faced with aging physical plants and resident care space that is below current planning standards and it is not ideally located; it is directly situated on the busy New Hampshire Avenue on a very tight and limited site. Springbrook's facility started from a converted residential home over 40 year ago. Necessary expansion and renovation of the physical plant are not feasible, due to constraints of the small 2 acre site. In addition, Springbrook is in need of enlarged dietary space, rehabilitation space and more general storage. The approval of Rivermont will allow these beds to be placed in a new state of the art facility that will provide improved quality of life for the residents of Montgomery County who need nursing home care.

In addition to the above mentioned deterrents, neighboring competitor facilities offer a more aesthetically pleasing environment with larger rooms and newer facilities. Such environments are ideal for residents at this stage in their life.

As seen, Springbrook's occupancy rate has declined, with the age of the facility proving to be a barrier to increased utilization. Table 4 below, shows Springbrook's occupancy rate for the past four years.

Table 4
Occupancy Percentage

| Occupancy | 2005 | 2006 | 2007 | 2008 |
|------------------|-------------|-------------|-------------|-------------|
| Springbrook | 88.2 | 93.6 | 92.0 | 88.6 |

Source: Internal Data

| | | | | |
|-------------------|------|------|------|-----|
| Montgomery County | 88.7 | 89.8 | 88.7 | n/a |
| Maryland | 88.2 | 89.5 | 89.1 | n/a |

Source: <http://mhcc.maryland.gov>

As seen in Table 5 below, the Maryland Office of Planning projects that the Montgomery County population age 65 and older will grow by 15.2 percent between 2005 and 2010 and by 66.3% between 2005 and 2020. In addition, this age group will represent 12.7 percent of the total population in 2010, which is slightly higher than the State of Maryland as a whole.

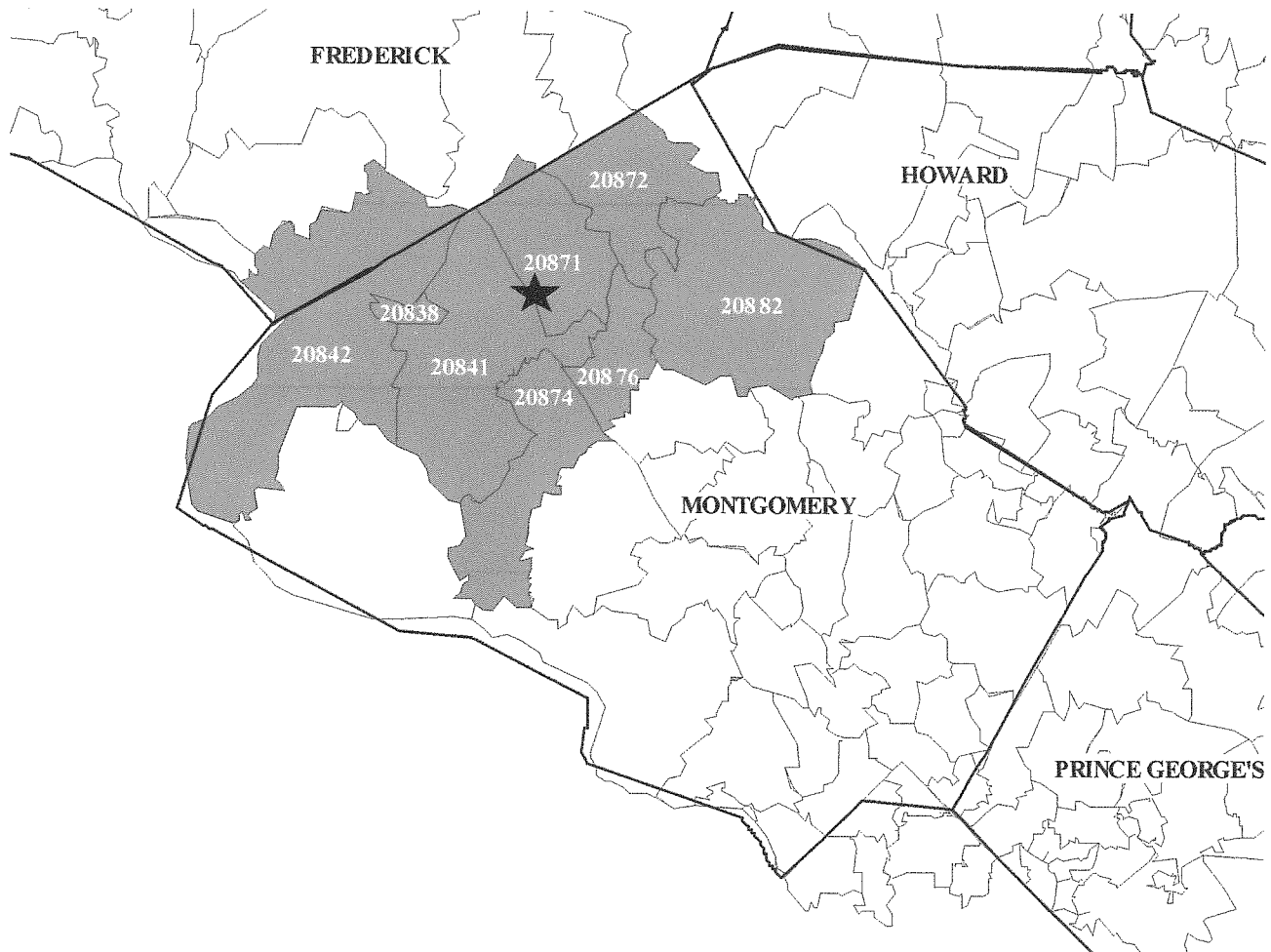
Table 5
Montgomery County Population
Age 65+

| | 2000 | 2005 | 2010 | 2015 | 2020 |
|-----------------------|--------|---------|---------|---------|---------|
| 65+ Population | 98,157 | 108,400 | 124,930 | 150,040 | 180,270 |
| % Change | | 10.4% | 15.2% | 20.1% | 20.1% |
| % of Total Population | 11.2% | 11.6% | 12.7% | 14.5% | 16.8% |

Source: Maryland Office of Planning; [http://www.mdp.state.md.us/MSDC/County/mont07.pdf]

The map which follows shows the expected service area for Rivermont. The ESA is defined as those zip codes that are immediately contiguous to the zip code in which the proposed Rivermont will be located (20871). This area is highlighted by the shaded area of the map on the next page. There are eight zip codes that define the service area and they are: 20871-Clarksburg, 20872-Damascus, 20882-Laytonsville, 20876-Germantown, 20874-Germantown, 20841-Boys, 20842-Boys, 20838-Barnesville.

Expected Service Area Map – Rivermont Nursing and Rehabilitation Center



Since the Maryland Office of Planning does not project population counts by zip code, we have used information provided by Claritas Inc. through Thomson Reuters. Claritas is a reliable and creditable demographic data provider.

In Table 6 below, the 65+ population is broken down into the following age cohorts: 65-69, 70-74, 75-79, 80-84 and 85+. In addition, a summary of the 65+ population is provided. As compared to Maryland, Rivermont's service area is growing at a much faster rate within those age cohorts reflective of the comprehensive care resident (65+).

Table 6
Population Estimates and Projects by Age Cohorts

| Expected Service Area Population | | | | | | | | | | | Maryland Population | | |
|----------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-----------------------------|------------------------------|---------------------|-----------------------------|------------------------------|
| 20871 | 20872 | 20882 | 20876 | 20874 | 20841 | 20842 | 20838 | TOTAL | Annual Percent Change | Total Change 2000-2013 | Population | Annual Percent Change | Total Change 2000-2013 |
| 2000 Pop | | | | | | | | | | | | | |
| 65-69 | 154 | 249 | 298 | 312 | 590 | 85 | 65 | 8 | 1,761 | | 186,778 | | |
| 70-74 | 92 | 201 | 201 | 197 | 373 | 51 | 58 | 8 | 1,181 | | 170,458 | | |
| 75-79 | 70 | 165 | 167 | 138 | 320 | 41 | 41 | 6 | 948 | | 143,449 | | |
| 80-84 | 33 | 81 | 92 | 66 | 133 | 23 | 30 | 5 | 463 | | 92,663 | | |
| 85+ | 27 | 68 | 74 | 56 | 101 | 17 | 23 | 2 | 368 | | 75,883 | | |
| 65+ | 376 | 764 | 832 | 769 | 1,517 | 217 | 217 | 29 | 4,721 | | 669,231 | | |
| 2008 Pop | | | | | | | | | | | | | |
| 65-69 | 311 | 356 | 537 | 513 | 1,163 | 182 | 85 | 9 | 3,156 | 9.90% | 225,954 | 2.62% | |
| 70-74 | 209 | 223 | 344 | 312 | 637 | 130 | 63 | 6 | 1,924 | 7.86% | 174,781 | 0.32% | |
| 75-79 | 143 | 154 | 192 | 185 | 360 | 82 | 52 | 5 | 1,173 | 2.97% | 142,146 | -0.11% | |
| 80-84 | 80 | 108 | 120 | 104 | 221 | 48 | 38 | 5 | 724 | 7.05% | 107,209 | 1.96% | |
| 85+ | 61 | 87 | 114 | 72 | 157 | 34 | 31 | 3 | 559 | 6.49% | 100,799 | 4.10% | |
| 65+ | 804 | 928 | 1,307 | 1,186 | 2,538 | 476 | 269 | 28 | 7,536 | 7.45% | 750,889 | 1.53% | |
| 2013 Pop | | | | | | | | | | | | | |
| 65-69 | 477 | 535 | 777 | 744 | 1,945 | 272 | 116 | 15 | 4,881 | 10.93% | 291,726 | 5.82% | 56.2% |
| 70-74 | 293 | 294 | 479 | 443 | 1,018 | 183 | 79 | 8 | 2,797 | 9.07% | 205,905 | 3.56% | 20.8% |
| 75-79 | 198 | 174 | 269 | 244 | 503 | 122 | 55 | 7 | 1,572 | 6.80% | 151,407 | 1.30% | 5.5% |
| 80-84 | 117 | 101 | 138 | 131 | 256 | 69 | 44 | 5 | 861 | 3.78% | 110,392 | 0.59% | 19.1% |
| 85+ | 89 | 95 | 133 | 100 | 210 | 49 | 38 | 4 | 718 | 5.69% | 116,540 | 3.12% | 53.6% |
| 65+ | 1,174 | 1,199 | 1,796 | 1,662 | 3,932 | 695 | 332 | 39 | 10,829 | 8.74% | 875,970 | 3.33% | 30.9% |

Source: Thomson Reuters, (f.k.a. Solucient LLC).

As seen in Table 6 above, Rivermont's service area has shown and will continue to show substantial growth in the over 65 population. As mentioned before, the census data does not take into account the estimations accounted for in master plans. The master plans for the areas within Rivermont's ESA call for a much larger population.

Approval of the Rivermont project will promote better resident care, improved resident safety, comfort and privacy, and a greater opportunity for family visitation and interaction with the residents. Finally, as noted in the discussion above regarding Jurisdictional Occupancy, Rivermont will meet a compelling need to replace aging and/or obsolete infrastructure in Montgomery County in order to improve the quality of life and dignity of comprehensive care facility residents.

Accordingly, and for all the above reasons, the proposed project is consistent with this criterion.

(b) COMAR 10.24.08.G(3)(c) Availability of More Cost Effective Alternative: The Revised budget and operating projections included in this Modification demonstrate that the proposed project is cost effective. (See APX D and APX E). In addition, a number of other factors support such a finding that there are no other more cost - effective alternatives within the meaning of this criterion, as follows.

The proposed Modified project seeks to re-develop existing outdated infrastructure by utilizing existing comprehensive care beds being relocated from an area with a high concentration of resources to a fast growing area which currently does not have an existing facility. In addition to increasing access and addressing a geographic imbalance of facilities, the proposed project will house these beds and services in a new and modern facility, which enhances resident dignity and quality of life.

In this regard, Circle Manor, from which 80 of the 124 beds will be transferred, has already closed. As noted in the original Application, its physical plant was obsolete, was not available for renovations, and could not be expanded to achieve economies of scale. As noted above, Springbrook, like many other older providers, is faced with an aging physical plant and resident care space that is below current planning standards and is not ideally located. The facility is directly situated on the busy New Hampshire Avenue on a very tight and limited site. Springbrook's facility originated with a converted residential home over 40 year ago. Necessary expansion and renovation of the physical plant are not feasible, due to constraints of the small 2 acre site. In addition, Springbrook requires enlarged dietary space, rehabilitation space and more general storage.

Accordingly, approval of Rivermont will allow these 124 beds to be placed in a new state of the art facility that will provide improved quality of life for the residents of Montgomery County in need of its services.

It should also be noted that after encountering opposition from the established community at its previously identified site, Rivermont will now be established on a parcel within a zoned health care campus specifically designed to serve this growing area of

northern Montgomery County. There are no other alternative existing facilities which control these 124 beds or which have expressed any interest in a competitive application or can achieve the objectives of this project. In addition, Rivermont's costs are reasonable at a projected cost of \$226.42 per square foot as compared to the Marshall Valuation Service ('MVS') benchmark for 'Convalescent Hospitals' of \$242.62 per square foot as shown by the MVS analysis at APX F.

As noted above, the budget and operating projections included in this Modification demonstrate that the proposed project is cost effective. In addition, a number of other factors support such a finding that there are no other more cost - effective alternatives within the meaning of this criterion, as follows:

- The beds cannot be relocated to another existing facility since they are under the control of Rivermont.
- There is no other competing applicant in this review redevelop this existing capacity.
- The existing Circle Manor facility has determined not to continue in business and the existing Fairland facility is transitioning to a cessation of operations.

For all these reasons, the proposed project, as modified, remains consistent with this Criterion.

(c) COMAR 10.24.08.G(3)(d) Viability: Please see the detailed budgetary, operating projections, and manpower information at APX D and APX E which update the previously submitted information. This modified information demonstrates that the Modified Project continues to be financially feasible and consistent with this Criterion.

(d) COMAR 10.24.08.G(3)(e) Compliance with Conditions of Previous CONs:

Neither Circle Manor nor Springbrook, from which the beds will originate, has outstanding Level G deficiencies. Accordingly, the proposed Rivermont project, as modified,

continues to be consistent with this Criterion. Adventist, which will operate Rivermont, recently experienced two Level K deficiencies following the March 23 – 30, 2009 survey of its Shady Grove Nursing & Rehabilitation Center. A Plan of Correction was submitted on April 25, 2009 and the deficiency was addressed. The facility is awaiting a follow-up survey.

(e) COMAR 10.24.08.G(3)(f) Impact on Other Providers: The Application previously addressed this Criterion at pp. 68 – 72. The Commission directs applicants to indicate the positive impact on the health care system of the Project, and why the Project does not duplicate existing health care resources. Further, applicants are also directed to describe any special attributes of the project that will demonstrate why the project will have a positive impact on the existing health care system.

First, Rivermont is not utilizing new beds. Its 124-bed complement is derived from two existing facilities, located in areas of high bed / facility concentration, whose beds and impacts are already accounted for. In this regard, the site change to Clarksburg diminishes even further any likelihood of any potential impact on existing providers since Rivermont will be established in an area farther away from the concentration of existing facilities whose location is shown on Figure 3 at p. 69 of the Application. As noted above, Rivermont will be located in ZIP code 20871 which does not have an existing facility. Likewise, the surrounding ZIP codes do not have a facility. Thus, approval of the Rivermont project will have a positive impact on the health care system by addressing a geographic maldistribution of beds and facilities. In addition, Rivermont will improve geographic access to beds and services as also discussed above, without duplicating existing facilities and services.

Rivermont has also demonstrated that population growth in its ESA demonstrates a need for the facility, apart from the positive impact on the system of converting outdated infrastructure. As discussed above and also at pp. 47 – 48 of the Application, Montgomery County has a number of existing facilities with multi-bed rooms. For example, Forest Glen Nursing & Rehabilitation Center has 18 Triple and 12 Quad Bed Rooms in its 112 bed facility. Indeed the Commission has found that within a 10 mile radius of the existing Fairland facility, 15 out of 35 nursing facilities, or about 43%, have at least some rooms with

three (3) or more beds per room, and 24 out of these 35 facilities, or approximately 69%, were built more than 15 years ago. (See In the Matter of Fairland Nursing & Rehabilitation Center, D.N. 06 – 15 – 2178, Decision, p. 24). Thus, Rivermont which will have a substantial complement of Private Rooms, as well as Semi-Private (Double Occupancy) Rooms, will offer an attractive alternative to outdated infrastructure and thus enhance resident dignity and quality of life. As such, Rivermont will also spur existing facilities to upgrade their physical plants.

For all these reasons, Rivermont will have a positive Impact on the existing health care system without having a negative impact on existing providers.